

Message Text

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ORIGIN NEA-03

INFO OCT-01 ISO-00 /004 R

66011

DRAFTED BY: NEA/ARN:MHMAUGHAN:DPW

APPROVED BY: NEA/ARN:MDRAPER

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R 040402Z MAY 76

FM SECSTATE WASHDC

TO USINT BAGHDAD

C O N F I D E N T I A L STATE 107920

FOLLOWING TEL SENT ACTION SECSTATE INFO ALGIERS, BAGHDAD, CARACAS,

DOHA, GENEVA, JAKARTA, JIDDA, KUWAIT, LAGOS, LIBREVILLE, LONDON,
PARIS, TRIPOLI, TEHRAN, QUITO, VIENNA FROM ABU DHABI APRIL 27:

QUOTE C O N F I D E N T I A L ABU DHABI 1132

DEPARTMENT PASS BAGHDAD

E.O. 11652: GDS

TAGS: ENRG, TC

SUBJ: UAE MINPET COMMENTS ON GENEVA OPEC MEETING

1. I CALLED ON MINISTER PETROLEUM OTAIBA APRIL 28 TO FIX
APPOINTMENT WITH HIM FOR WAR COLLEGE GROUP. I TOOK OCCA-
SION TO ASK HIM ABOUT GENEVA MEETING OF OPEC MINISTERS,
FROM WHICH HE HAD JUST RETURNED.

2. HE SAIJ MEETING HAD BEEN CALLED BY OPEC SYG AS CONSUL-
TATIVE SESSION WHICH NOT DESIGNED TO COME TO AGREEMENT ON
SPECIFIC RECOMMENDATIONS TO BE MADE TO RESPECTIVE GOVERN-
MENTS. THERE HAD BEEN GOOD DEAL OF DISCUSSION ABOUT SHIFTING
OPEC HEADQUARTERS FROM VIENNA TO SOME OTHER SITE. OTAIBA SAID
THIS NOT JUST QUESTION OF SECURITY. MOST MINISTERS SPOKE EITHER
ENGLISH OR FRENCH AND FOUND IT TO BE STRAIN TO BE IN GERMAN-
SPEAKING ENVIRONMENT. MOREOVER, HE AS WELL AS NUMBER OF HIS
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COLLEAGUES FOUND VIENNA DIFFICULT IN TERMS OF AIR TRANSPORTATION.

YAMANI FOR EXAMPLE HAD COMPLAINED THAT IT TOOK HIM "THREE DAYS" TO GET FROM RIYADH TO VIENNA. OTHER VENUES SUGGESTED WERE LONDON, GENEVA, AND CAIRO. "RADCNAL" ARABS FAVORED CAIRO. MOST RULED OUT LONDON BECAUSE OF SECURITY SITUATION ALREADY STRAINED BY IRA. OTAIBA WAS PERSONALLY IMPRESSED BY HEAVY AND EFFICIENT SECURITY SWISS HAD LAID ON IN GENEVA. OTAIBA BELIEVED THAT THERE WAS GENERAL FEELING SITE SHOULD BE SHIFTED, BUT NO DECISION WAS TAKEN AT GENEVA, AND MATTER IS TO BE FURTHER DISCUSSED IN BALI.

3. ON QUESTION OF AGREED MECHANISM FOR ESTABLISHING DIFFERENTIALS, OTAIBA SAID HE THOUGHT ALGERIAN FORMULA SUBMITTED YEAR AGO, WITH SOME CHANGES, WOULD BE SATISFACTORY. SUBJECT WAS REFERRED TO ORGANIZATION'S ECONOMIC COMMISSION, NOW MEETING IN VIENNA, WITH INSTRUCTIONS TO PREPARE RECOMMENDATIONS WHICH COULD BE CONSIDERED BY MINISTERIAL CONFERENCE NEXT MONTH. OTAIBA SAID THERE HAD BEEN UNANIMOUS RESOLUTION BY ASSEMBLED MINISTERS REQUESTING ALGIERS AND BAGHDAD TO KNOCK OFF RECRIMINATORY EXCHANGES THEY HAD BEEN CARRYING ON BY TELEX (WITH COPIES TO EVERYBODY ELSE) ON DIFFERENTIALS. EVERYBODY EXCEPT IRAQIS AND ALGERIANS, ACCORDING TO OTAIBA, WERE BORED WITH ARGUMENT.

4. ON PRICE OF MARKER CRUDE, OTAIBA SAID SUBJECT WAS AIRED AT GENEVA BUT AAIN NO FIRM RECOMMENDATION REACHED, THIS BEING LEFT FOR BALI MEETING. OTAIBA SAID UAE FAVORED CONTINUATION OF PRICE FREEZE UNTIL END OF YETR. HE FOUND ETHIS VIEW SHARED BY SAUDIS, VENEZEULANS, AND KUWAITIS. WHILE OTHERS (HE MENTIONED SPECIFICALLY ONLY IRANIANS) FAVORED SMALL PRICE INCREASE, HE THOUGHT THERE MIGHT BE ENOUGH SUPPORT FOR PRICE FREEZE TO MAKE IT POSSIBLE FOR THIS VIEW TO PREVAIL AT BALI CONFERENCE. HIS OWN PERSONAL VIEW WAS THAT MARKET FOR CRUDE, ALTHOUGH IMPROVING, WAS STILL TOO SPOTTY TO ENABLE ANYONE TO BE CERTAIN OF THE EFFECT PRICE INCREASE WOULD HAVE ON CONSUMPTION PATTERS. HE THOUGHT OPEC WOULD BE IN BETTER POSITION TO JUDGE THIS BY END OF YEAR, WHEN "MODEST" PRICE INCREASE MIGHT INDEED BE JUSTIFIED. STERNER UNQUOTE SISCO

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MINISTERIAL MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE107920
Document Source: CORE
Document Unique ID: 00
Drafter: NEA/ARN:MHMAUGHAN:DPW
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760171-0074
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760593/aaaadbte.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 23 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 MAR 2004 by SmithRJ>; APPROVED <27 JUL 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UAE MINPET COMMENTS ON GENEVA OPEC MEETING
TAGS: ENRG, TC, OPEC, (OTAIBA, MANA BIN SAID)
To: BAGHDAD
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006